

## Message Text

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ACTION NEA-10

INFO OCT-01 EUR-12 ISO-00 NEAE-00 CIAE-00 PM-04 H-01  
INR-07 L-03 NSAE-00 NSC-05 PA-01 PRS-01 SP-02  
SS-15 USIA-06 A-01 OPR-02 SY-05 OC-06 CCO-00  
MCT-01 SSM-03 DHA-02 ORM-02 AID-05 EB-07 OMB-01  
TRSE-00 IO-13 /116 W  
-----023689 011331Z /43

P R 011021Z JUL 77  
FM AMEMBASSY BEIRUT  
TO SECSTATE WASHDC PRIORITY 4439  
INFO SIT-REP COLLECTIVE 266  
USCINCEUR VAIHINGEN GER  
USNMR SHAPE BELGIUM  
CINCUSNAVEUR, LONDON ENG  
CINCUSAFE RAMSTEIN AB GER  
COMSIXTHFLT  
CTF SIX ZERO  
CTF SIX ONE  
CTF SIX TWO  
CTG SIX ZERO PT TWO  
FICEURLANT NORFOLK VA  
FOSIF ROTA SPAIN  
DIA WASHDC  
CINCUSAREUR HEIDELBERG GER  
USDOCOSOUTH NAPLES IT

C O N F I D E N T I A L SECTION 1 OF 2 BEIRUT 3124

E.O. 11652: GDS  
TAGS: PINS PINT MILI LE  
SUBJ: LEBANESE SITUATION JUNE 24-30

REF: BEIRUT 3002 (DTG 241038Z JUN 77)

1. SUMMARY: THIS WEEK, REJECTION FRONT AND SAIQA COMMANDOS  
ENGAGED IN HEAVY FIGHTING AROUND REFUGEE CAMPS IN SOUTH  
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BEIRUT. DAILY SHELLING CONTINUED IN THE SOUTH. LEBANESE  
PRESS GAVE FAVORABLE COVERAGE TO ASSISTANT SECRETARY  
ATHERTON'S JUNE 28 STATEMENT. GOVERNMENT'S SPECIAL POWERS  
EXPIRED. KFUR FRONT ISSUED UNUSUALLY HARSH COMMUNIQUE.  
PIERRE GEMAYEL VISITED SAUDI ARABIA, AND FOREIGN MINISTER  
FUAD BOUTROS WENT TO EGYPT. CHAIRMAN OF RECONSTRUCTION AND  
DEVELOPMENT BOARD SAID IMF HAS AGREED TO LEND LEBANON

\$49.5 MILLION. COUNCIL OF MINISTERS ENDED TEN-YEAR MORATORIUM ON NEW BANKS, AND ASSOCIATION OF LEBANESE INDUSTRIALISTS ELECTED NEW PRESIDENT. END SUMMARY.

2. HEAVY FIGHTING IN SOUTH BEIRUT.

TENSE CALM HAS RETURNED TO AREA AROUND BURJ AL BARAJNAH AND SHATILA REFUGEE CAMPS IN SOUTH BEIRUT, WHERE REJECTION FRONT AND SAIQA COMMANDOS ENGAGED IN FIGHTING NIGHT OF JUNE 27-28 (SEE BEIRUT 3055). SYRIAN AND FATAH TROOPS INTERCEDED TO STOP FIGHTING. FLARE-UP FOLLOWED UNSUCCESSFUL ATTEMPTS OVER LAST SEVERAL WEEKS BY SAIQA TO REESTABLISH PRESENCE IN TYRE AND JUNE 26 BOMBING OF SAIQA OFFICE BEING SET UP IN BURJ AL BARAJNAH CAMP. PALESTINIAN NEWS AGENCY Wafa ON JUNE 28 CONDEMNED "DANGEROUS BEHAVIOR" ON PART OF SAIQA AND SAID ESTABLISHMENT OF SAIQA OFFICE IN BURJ AL BARAJNAH WAS "IN DEFIANCE" OF DECISION OF PALESTINIAN LEADERSHIP.

3. SHELLING CONTINUES IN SOUTH.

DAILY SHELLING CONTINUED BETWEEN PALESTINIAN FORCES IN NABATIYAH AND KHIYAM AND CHRISTIAN FORCES IN QULAYAH AND MARJAYUN, ACCORDING TO VARIOUS SOURCES. PALESTINIAN NEWS AGENCY Wafa SAID JUNE 29 THAT CHRISTIANS HAD ATTEMPTED TO ADVANCE NORTH OF MARJAYUN TO BALAT, BUT HAD BEEN REPULSED. CONFIDENTIAL

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DATT INTERPRETS CHRISTIAN MOVE AS ATTEMPT TO CONSOLIDATE DEFENSIVE POSITIONS RATHER THAN OFFENSIVE IN INTENT. IN SIDON, SAIQA AND REJECTIONIST FIGHTERS ON JUNE 23 CLASHED AGAIN, LEAVING TEN KILLED AND MORE THAN 25 WOUNDED, ACCORDING TO EMBASSY SOURCE.

4. REACTION TO STATE DEPARTMENT STATEMENTS.

LEBANESE PRESS HAS GIVEN HEAVY AND GENERALLY FAVORABLE COVERAGE TO STATEMENTS JUNE 27 AND 28 OF DEPARTMENT PRESS SPOKESMAN CARTER AND ASSISTANT SECRETARY ATHERTON (SEPTTEL). FORMER PRIME MINISTERS SAEB SALAM AND RACHID KARAME PRAISED THE STATEMENT, BUT FEW OTHER LEBANESE LEADERS HAVE COMMENTED PUBLICLY.

5. SPECIAL POWERS EXPIRE.

GOVERNMENT'S "SPECIAL POWERS" EXPIRED AT MIDNIGHT, JUNE 30. CABINET MET ALL DAY, APPARENTLY IN EFFORT TO PASS SEVERAL NEW DECREE LAWS BEFORE SPECIAL POWERS ENDED. GRANTED BY PARLIAMENT SIX MONTHS AGO, THEY GAVE CABINET RIGHT TO LEGISLATE BY DECREE IN NUMEROUS FIELDS, INCLUDING RECONSTRUCTION,

FINANCE, AND DEFENSE. DURING THIS TIME, CABINET PASSED MORE THAN 60 DECREE LAWS, WHICH INTER ALIA ESTABLISHED RECONSTRUCTION AND DEVELOPMENT BOARD, PROVIDED FOR NEW REGULATIONS GOVERNING RELATIONSHIP BETWEEN TENANTS AND LANDLORDS, AND SET UP NEW ARMY RETIREMENT SYSTEM. NEVERTHELESS, MANY LOCAL OBSERVERS BELIEVE THE CABINET ACTED TOO TIMIDLY AND GENERALLY LIMITED ITSELF TO PRIMARILY TECHNICAL QUESTIONS, WHILE AVOIDING FUNDAMENTAL PROBLEMS.

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C O N F I D E N T I A L SECTION 2 OF 2 BEIRUT 3124

6. KFUR FRONT COMMUNIQUE.

NLP LEADER CAMILLE CHAMOUN TOLD REPORTERS JUNE 29 THAT KFUR FRONT "CONFIRMS CONTENTS OF ITS JUNE 25 COMMUNIQUE," WHICH OUTLINED FRONT POSITIONS IN UNUSUALLY HARSH TERMS (SEE

BEIRUT 3047). COMMUNIQUE WARNED INTER ALIA THAT POLITICAL RECONCILIATION WAS NOT POSSIBLE AS LONG AS PALESTINIAN ARMED PRESENCE IN SOUTHERN LEBANON CONTINUED. COMMUNIQUE ALSO CONFIDENTIAL

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SAID LEBANON'S DESTINY DEPENDS ON "AFFILIATION WITH A LARGER WORLD" AS MUCH AS ON ATTACHMENT TO REGIONAL (ARABIC) MILIEU. SURETE GENERALE SUSPENDED NEWSPAPER LE REVEIL FOR ONE DAY ON JUNE 27 FOR CARRYING COMMUNIQUE'S FULL TEXT.

7. GEMAYEL VISITS SAUDI ARABIA.

PHALANGE LEADER PIERRE GEMAYEL VISITED SAUDI ARABIA FROM JUNE 25-28, WHERE HE MET WITH KING KHALID AND CROWN PRINCE FAHD (GEMAYEL WAS THUS IN SAUDI ARABIA WHEN KFUR FRONT ISSUED ITS JUNE 25 COMMUNIQUE). PHALANGE DAILY AL AMAL ON JUNE 29 NEVERTHELESS HAILED TRIP AS "SUCCESSFUL." PAPER ALSO SAID THAT FAHD HAD PROPOSED STATIONING UNITED NATIONS POLICE FORCE IN SOUTH LEBANON, WHICH GEMAYEL REJECTED AS UNWORKABLE. ACCORDING TO AL AMAL, FAHD THEN SUGGESTED THAT UNITED NATIONS POLICE FORCE BE BACKED UP BY LEBANESE OR ARAB PEACEKEEPING FORCE. AL AMAL DID NOT REPORT GEMAYEL'S REACTION TO THIS FORMULA.

8. OTHER TRAVELERS.

FOREIGN MINISTER FUAD BOUTROS WENT TO EGYPT ON JUNE 29 AS FIRST STOP OF ARAB TOUR WHICH WILL ALSO TAKE HIM TO SAUDI ARABIA AND KUWAIT. SAEB SALAM MET WITH PRESIDENT ASAD IN SYRIA ON JUNE 26.

9. LOANS FOR LEBANON.

MOHAMMED ATALLAH, CHAIRMAN OF RECONSTRUCTION AND DEVELOPMENT BOARD, TOLD PRESS ON JUNE 25 THAT IMF HAD AGREED TO LEND LEBANON \$49.5 MILLION. HE ALSO SAID THAT KUWAITI FUND HAD AGREED TO LOANS OF 11 MILLION KUWAITI DINARS, AND THE ARAB FUND FOR ECONOMIC AND SOCIAL DEVELOPMENT TO LOANS OF FIVE MILLION CONFIDENTIAL

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KUWAITI DINARS (SEE BEIRUT 2938).

10. BANK MORATORIUM TO END.

COUNCIL OF MINISTERS ON JUNE 27 APPROVED DECREE LAW ENDING LEBANON'S TEN-YEAR MORATORIUM ON NEW BANKS. MORATORIUM WAS

FIRST IMPOSED IN MAY 1967, AFTER THE INTRA BANK FAILURE.

11. NEW PRESIDENT OF INDUSTRIALISTS' ASSOCIATION.

ASSOCIATION OF LEBANESE INDUSTRIALISTS UNANIMOUSLY  
ELECTED BANKER FUAD ABI SALEH AS ITS NEW PRESIDENT ON  
JUNE 28, ACCORDING TO ENGLISH LANGUAGE DAILY IKE. SALEH  
SUCCEEDS GEORGE ASSEILY.  
PARKER

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## Message Attributes

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Margaret P. Grafeld  
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